

## **The complaint**

Mr M is unhappy with the way AXA Insurance UK Plc handled an escape of water claim under a buildings insurance policy.

Mr M is being represented in this case. For ease of reading, I'll refer to Mr M, and his representative, as "Mr M".

## **What happened**

Mr M held buildings insurance which was underwritten by AXA.

He reported an escape of water claim in March 2023 after finding and repairing a leaking stop tap behind a washing machine. AXA accepted the claim and opted to appoint an agent to visit, draw up a scope of works, and carry out the necessary repairs.

Mr M wasn't happy with AXA's choice of agent due to online reviews. He didn't think they could provide quality lasting and effective repairs. He wanted AXA to appoint a new agent, but it declined and said, broadly, it was satisfied its agent was appropriately placed to progress the claim to settlement. AXA later agreed to cash settle the claim and pay Mr M £4,636.52 (before the deduction of excess). It concluded this was its liability for the claim under the policy terms.

Mr M told AXA this amount was too low and wouldn't allow him to achieve lasting and effective repairs through local contractors. He provided his own quotes which ranged between roughly £7,000 and £10,000. AXA considered these but didn't agree to do anything differently. It told Mr M the policy guaranteed any works done by it for three years, and any issues would be its responsibility to put right.

Mr M told AXA in November 2023 he would proceed with the claim on this basis, but conditions needed to be satisfied. AXA told Mr M how the claim would progress to settlement but said it wouldn't share a breakdown of claim costs as that was commercially sensitive information. Mr M didn't think this was fair given AXA had requested a breakdown of costs from local contractors, and said it was his right to see this information.

The claim didn't progress despite a great deal of back and forth between Mr M and AXA. Mr M remained unhappy and raised complaints to AXA regarding, broadly, the agent it appointed, the cash settlement, and its failure to provide claim costs, amongst other things.

AXA responded over three final responses in June and October 2023, and in January 2024. It maintained it had applied the policy terms fairly when attempting to settle Mr M's claim, but it paid him £75 for some customer service issues.

Mr M remained unhappy, so he asked our Service for an impartial review. The Investigator didn't recommend it be upheld as he thought AXA had taken reasonable steps to settle the claim and applied the policy terms fairly when doing so.

Mr M didn't agree. He said, broadly, AXA were responsible for indemnifying him, its cash settlement failed to do that, and it treated him unfairly. He requested AXA appointed a new agent to reconsider the claim, and make right further damage caused by the claim delays.

As no resolution could be reached, the case has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

A great deal of correspondence has been submitted by both parties, and many points have been raised. I haven't addressed each point individually in this decision – rather, I've focused on what I consider to be the pertinent points. I mean no discourtesy by this; it simply reflects the informal nature of our Service.

AXA accepted the claim. Its role was to, broadly, attend, inspect the damage, and choose whether to settle it by repairing, replacing, or reinstating the buildings. It opted to appoint its preferred supplier (an agent) to inspect the damage, draw up a scope of works, and undertake the repairs. I am satisfied this was a reasonable decision for it to reach to indemnify Mr M because the policy allows it to settle a claim in this way.

The policy says any works undertaken by AXA (and by extension – its agent) are guaranteed for three years. AXA told Mr M that any issues with the repairs would be its responsibility to put right. AXA were ultimately required to provide lasting and effective repairs. Mr M however chose to decline AXA's settlement offer due to online reviews. This was a decision Mr M was entitled to make, but this decision impacted how AXA would settle the claim.

The policy says where AXA offer repairs, but the insured requests a cash settlement, the cash settlement will not exceed the amount it would have paid its agent. I find this approach common, clear, and reasonable. AXA therefore offered to settle the claim by paying Mr M £4,636.52 which is the amount AXA would have paid for the repairs.

Mr M argued AXA's cash settlement was too low and not reflective of what it would cost him to employ local competent contractors. But to my earlier point the policy didn't require AXA to cash settle the claim based on market rates available to Mr M.

Mr M's own quotes range from roughly £7,000 to £10,000. But that doesn't mean AXA's figure was reached unfairly. I have reviewed AXA's scope of works against Mr M's own quotes, and the work is broadly the same. Nor do I find there is any compelling evidence of any cost cutting on the materials or labour. I am satisfied, based on the information available to me, AXA's figure is a fair and reasonable one, and that its figure more likely than not differs from Mr M's figures because of AXA's relationship with its agent. Therefore, it follows I am satisfied AXA reached a fair and reasonable cash settlement amount based on its liability for the claim at the time.

I note Mr M has said further damage has occurred at his property as the result of AXA's failure to provide him with a fair and reasonable settlement for this claim. But because I don't find AXA failed to take reasonable steps to settle this claim, it follows I am not satisfied AXA are responsible for the further damage.

I understand a second escape of water has occurred at Mr M's property in the same place as the first incident. I further understand Mr M's property was insured with a different insurer during this time. Therefore, I have not addressed the second escape of water as part of this decision because AXA wasn't on risk when it occurred. Mr M has already contacted the new

insurer. If he is dissatisfied with its handling of that claim, he will need to follow its complaints procedure.

I accept my decision will disappoint Mr M. I do genuinely empathise with the circumstances he's faced with, namely: the condition of his property, and the second incident. But for me to require AXA to do something differently, I must be satisfied it has treated him unfairly. For the reasons set out above, I'm not satisfied it has. My decision ends what we – in attempting to informally resolve his dispute with AXA – can do for him.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 December 2024.

Liam Hickey  
**Ombudsman**